

The Common Council met immediately following the Water Utility Board on the above date in the Meeting Room at City Hall Annex with Mayor Knowles presiding and members Askren, Tucker, Rueger, Angel, and Cooper attending. Others attending were Attorney Funkhouser; Chief Beloit; Chief Webber; Vicki Cannato; Nancy Burns; Joyce Babillis; Barry Tanner - Moore & Associates, Inc.; Jerome Naas - Martin & Bailey; William McCune; Jim Whetstone; Sheila Stewart; Cecil Waters; Elaine Springer; Bob Weir; Ted Sommers - London Witte Group; Phyllis Ripplemeier; Patricia Davis; Mary Ann Barclay; Sarah Apple; Comm. Gray; Chris Janak - Bose McKinney; Mary Ann Watson; Beth Foster - Mount Vernon Democrat; and Jamie Grabert - Posey County News.

Mayor Knowles called the meeting to order by stating members were either mailed or hand carried copies of the minutes of their previous meeting and those of the March 28th meeting. She added if there were no additions or corrections, she entertains a motion to waive their reading and to approve the minutes as presented.

Councilwoman Askren moved the reading of the minutes be waived and they be approved as presented. Seconded by Councilman Angel.

Mayor Knowles stated all those in favor of the motion should signify in the affirmative; and following the vote, she reported the motion carried.

Mayor Knowles stated they will now hear the reports of the Standing Committees.

Street/Light Chairwoman Askren stated she has no report.

Comm. Gray stated he has no report.

Mayor Knowles asked if there were any questions ?

There were none.

Police & Dog Chairman Tucker stated he has no report.

Chief Beloit stated he has no report.

Mayor Knowles asked if there were any questions ?

There were none.

Fire Chairman Rueger stated he has no report.

Chief Webber stated he has no report.

Mayor Knowles asked if there were any questions ?

There were none.

Sewer Chairman Angel stated he has no report.

Mayor Knowles asked if there were any questions ?

There were none.

Mayor Knowles asked if the Clerk-Treasurer had any Communications for the Council ?

Clerk-Treasurer Wolfe replied not at this time.

Mayor Knowles stated they are now ready for the Legal portion of the Agenda, and the first item, as advertised for 7:00 p.m. in the Mount Vernon Democrat is the Public Hearing on the new Water Rate Ordinance. She then opened the public hearing.

Mr. Janak stated as a brief history, this is the third time he has been here to discuss rates. He went on to explain that the first time he was here, the Council knew the rates were an issue, and as a result hired a rate consultant to come in take a look. He added along about that time as well, EMC was not updating the Council on their financial status. He stated London Witte conducted the rate study and gave the Council a series of options, the 28% increase being the lowest, across the board increase. He then stated the Utility Board agreed to that and then on March 14th, the Council introduced the ordinance and it was published.

Mr. Janak continued by stating the last couple of years EMC had been running the city's utility, and here at the end, as he understands, there has been some controversy and EMC says they will say nothing bad about the city and therefore, the city can nothing bad about EMC. He then stated he can say that in 2001, the water utility had a lot of money, there was a rate increase in, he believes 2000-2001, then 2002-2003, the revenues went down by around \$200,000 and expenses went up by \$500,000 and that went on for two years. He then stated Mount Vernon is not a large city, there is no large slush fund, and the utility was consequently ran down to dangerous levels, and frankly, unlawful by Indiana laws. He went on to say that in September 2004 London Witte came down and presented a report, for public review, and recommend either a 28% increase, or almost 40%. He added at that time the Council was made aware that the 28% increase would be assuming no projects being completed. He also stated that the utility is hoping to be able to reduce their expenses now and therefore hopefully afford their bond payments. He stated the EMC says the city can not operate the utility cheaper on their own than what they were paying EMC - he does not know. He recommends the Council accept the 28% increase make the rates lawful. He stated they have the ordinance amending the water rates and charges before them, and all rates have been increase by 28%.

Mayor Knowles asked for comments.

Bill McCune stated he owns Tri-State Fire Protection and the increase in sprinkler systems, per head, is very high. He went on to say he has been business for 36 years and this is the first increase of \$.76 per head he has ever seen.

Ted Sommers with London Witte stated he does not like to recommend rate increases, and he thinks that actually, if they are paying \$.76 per head now, that will be going to \$.96 per head.

Mayor Knowles stated the rates are not going up \$.76 per head, they are raising TO \$.96

per head, or \$.20 per head increase.

Mr. McCune stated he never knew he was paying the \$.76 per head until now, that is very high.

Councilman Tucker stated the last increase was in 2000, but he is not sure when the sprinkler head section was added.

Mr. Sommers stated he must have gotten a hold of a bad copy of the ordinance, the head charge WILL BE \$.76 per head, it had been 28% less before this ordinance.

Mr. McCune again stated it is still very high.

Shelia Stewart approached the podium and stated that she has never seen such incompetence, how could the city lose that much money and now they are in the hole. She stated she does not mind paying for decent water, her bill runs around \$180.00 per month and a 28% increase is another \$59.00 on top of that on her bill. She also stated she has changed everything in her house she can change to conserve water and lower her bill, smaller toilet tanks, plumbing, anything she could change. She stated a 28% increase is make or break time, as she is living on a fixed income, though she has done without water and she has also never been reimbursed by the city when she has had to go out and buy water. She again she does not mind paying her fair share, and she does have people living with her that can help, many others do not. She then stated why should the residents have to pay \$5.87 a gallon for the first 1,000, but industry only pays \$2.16 ?

Councilman Angel replied that was the question he had as well, about the industrial user, but they actually start at the same rate everyone else does.

Attorney Funkhouser added that Bristol uses around 3.5M gallons a month.

Ms. Stewart replied then that is what they should pay for.

Councilman Angel stated again that the Council questioned that very thing and they were told the increase had to be the same, across the board.

Ms. Stewart wondered if the Council realizes that Mount Vernon has many, many people living on fixed incomes, and again, she will pay her fair share. But, she stated, it is not fair, and the Council needs to find a way to see that industry pays for what they are using. She also stated she should not have to pay for mistakes made by some company that was brought to town to run the water works. She added the Council needs to think about the citizens in this town, they are asking for a lot of money - \$59.00 a month more in her case, the Council needs to look at this again.

Councilman Tucker stated that is a good point. He went on to say that he has talked with many senior citizens who are already really struggling - they even cut their medications in half because they can not afford to take the full dosage. He added he knows of another woman who eats a good, regular breakfast, and then eats cat food for supper.

Ms. Stewart stated the Council needs to think about the citizens they are affecting. She

gave an example of her own monthly social security only going up 2% and Medicare goes up another 8% or so, now the water bill. She added water will be shut off all over town because folks can not pay their bills. She stated it is hard for some people, and the Council needs to find another way.

Mary Ann Watson stated she lives at 920 Canal and she can appreciate Ms. Stewart's comments. But, she stated, when she moved back here, she realized very quickly that Mount Vernon has a real problem with their water system. She stated she conserves water and does only pay the minimum bill, which actually means she probably pays for water that she isn't even using. She then stated she is ready and willing to pay the increase due to the problems the water works has.

Councilman Tucker stated Ms. Watson's comments were also true. He did have a question though: how can it be legal and lawful to sell water below the cost it takes to make it ?

Mayor Knowles stated the tiers the city uses have been a day late and a dollar short for twenty years and at 28% if they started out behind the eight ball, they still are and will continue to be.

Councilman Tucker stated before EMC left, Mr. Williams told him it cost \$3.26 to produce 1000 gallons of water, but he thinks London Witte figured on what went through the meters and what was paid for.

Mayor Knowles stated leaks are being fixed, the water works is finding lines and meters, hopefully revenues will start to come up.

Councilman Tucker stated residents pay \$5.87; and industries pay \$2.36 after the first million gallons, they may not break even after the first day. He also stated the figures in the study are from 2003, that is almost a year and a half ago.

Mayor Knowles stated Mr. Williams contacted her and said it is not uncommon in business for those that use the most pay the least.

Councilman Tucker stated he thinks the 25% surcharge is actually being eaten up. He again wondered how it can be legal and lawful to sell water cheaper than it costs to make it.

Mr. Sommers stated it sounds like the Council is talking about a rate design study. He stated it costs more money to run water to a residence than it does to businesses who are taking it from the city. The more a company uses, the less it pays because it costs less to produce on the margin. A rate design study could be done, though it was not done in this case. He added he does not feel these rates are particularly high or low. He will say that he was contacted by a rate consultant that had been contacted by one of the larger industries in the area threatening litigation on the rates being too high.

Councilman Tucker replied that he bets that company would stay in business very long either if they sold their products for less than it cost to produce them. He then wondered if that bottom rate could be taken out ?

Mr. Sommers replied the city would have a lawsuit in about 10 seconds. He then stated

usually a rate design is done every 15 years, at about three times the cost of the currently study (\$8,500.00). He stated the increase they are recommending now is because the city does not know what the costs were. He added they could always look at this again at the end of 2005. The problem is that London Witte could never get behind the \$91,000 bill from EMC. He added the city has to have this increase, there are no two ways around it.

Councilman Tucker stated he agrees and he has talked to many people about it and few are against it. He stated the rate being charged to industries just does not make sense.

Mr. Sommers replied they had to work with inexact data, and he has never done a rate study like this one in 25 years.

Mr. Janak asked Mr. Sommers if the last block on a rate ordinance is normally set at average cost, or incremental ?

Mr. Sommers replied incremental.

Mr. Janak stated the \$2.77 is overstated, Councilman Tucker is correct, the city should not sell water for less than it costs to produce it, and Councilman Angel asked about that the last time. He added these studies take time, money, and data. He stated the ordinance presented is the fairest way and least controversial - the city does need litigation over this.

Councilman Tucker stated he wishes he or the Council would have talked with 5 or 6 of these larger industries before this hearing.

Mayor Knowles replied she did, and good luck to Councilman Tucker. She added that would not have happened, as they are not willing to make up the difference.

Councilman Tucker stated he understands, but that is a heck of an attitude for a good corporate neighbor to have.

Mayor Knowles stated one company in particular, is not even wanting to pay on their own fire plugs on site. She stated they only want to pay if they use them, instead of paying per device, as they are now.

Councilman Tucker stated again, these are 2003 figures.

Mr. Sommers replied that is true, but he has checked the revenues and they are up around \$80,000 and expenses are down some. He added London Witte was not aware of any deferred maintenance by EMC, if any, they were aware that 2003 revenues were down majority and the city needs to find out why. He apologized for being the bearer of bad news.

Councilman Tucker stated he just everyone to pay their own fair share.

Mr. Sommers stated the increase is going to amount to around \$45,000 per month cash.

Councilman Tucker added the sewer rates will need to be increased shortly as well.

Mayor Knowles agreed and added that increase will address the first two phases of the

CSO's.

Ms. Stewart stated Mayor Higgins told these people about these same problems 30 years ago, there were mistakes made by previous administrations, etc., but the bottom line is that the city should have taken care of its money, not EMC.

Mayor Knowles agreed.

Mayor Knowles asked if anyone else wished to address the Council about the Public Hearing.

Joyce Babillis stated she has lived in Mount Vernon for 40 years, she has a single household and pays the minimum bill, but this is a big increase for anyone. She questioned accountability over the \$2.5M the increase would raise.

Mr. Sommers stated it would amount to \$537,000 in one year.

Ms. Babillis asked what they are planning for this money - besides paying off the \$125,000 they borrowed and the other improvements they need to make ?

Mayor Knowles stated those are the plans for it, and hopefully they can lower rates.

Councilman Angel stated the city is hoping to replace the infrastructure and honestly, the Council is not sure this increase is enough.

Mr. Babillis stated the leaks being repaired is great, but she wondered if the city could put some of these financial statements, etc., in the Mount Vernon Democrat so folks would know the financial situation ?

Clerk-Treasurer Wolfe stated that every month there are Financial Reports prepared for the water, wastewater, and all city accounts; as well as an Annual Report that is prepared and published in the paper - those and the annual Audit are public record and she would be more than happy to have a copy prepared for anyone that would like one. She then stated that she would like to clarify for Ms. Babillis and possibly others that the reason the city currently has no idea on the cost to run the water plant, etc., is because when the contractors who ran the plant submitted bills, they were basically blank. She stated when the city paid \$91,000 per month, the city had no idea what was actually being paid with that money.

Mayor Knowles agreed that when EMC was in charge, some of the city's accountability went away.

Ms. Stewart stated in reference to those on fixed incomes - she believes Vectren gives them a break a their bill, per se, based on their income, could the water department do that as well.

Mayor Knowles replied she thought Vectren received donations in order to do that.

Ms. Stewart replied no, it is a universal thing, they take it off the bill and she thinks maybe CAPE signs the people up for it.

Mr. Janak replied that as it relates to municipal water and sewer utilities, the only way to charge different rates is proving different costs to service those customers.

Ms. Stewart stated she can tell them that senior citizens do not go looking for help, they are too proud. She wondered if folks would be able to pay on their bill as they go instead of cutting off their water ?

Mayor Knowles stated she thought they worked like that at one time.

Comm. Gray stated he is not sure, but he can check on it.

Mayor Knowles asked if there were any other comments to the Public Hearing ?

There were none.

Mayor Knowles then closed the Public Hearing.

Mayor Knowles asked if they are reading for the second hearing on the ordinance at this time ?

Mr. Janak replied all the council has to do now is vote, final passage, there are no second and third readings required.

Councilman Tucker stated he really wants to do something with that bottom tier.

Mayor Knowles replied in 6-9 months the Council can do that.

Councilman Angel agreed.

Councilman Tucker stated if they are going to be getting \$2.5M, each tier generates so much of that, what happens to the bottom tier.

Mayor Knowles stated it could go up or down, but the only way to know that is to do a design rate study, and they can do that 6-9 months down the road.

Councilman Tucker stated as soon as this ordinance is passed, bills go out, the new rates are in place, and the city will be losing even more money due to industry.

Mayor Knowles replied not necessarily, there is nothing in concrete yet.

Councilman Angel admitted that it has been a year since the study was done and everything goes up in a years time.

Councilman Tucker reminded the other members that the biggest users are outside the city limits - the water has to spend gas getting to the sites to read the meters, the trucks they are in have to be insured, etc.....

Mayor Knowles stated the Council can do what they want, she does not even vote.

Councilman Tucker stated he guesses he just has more compassion than the Mayor has.

Mayor Knowles replied to Councilman Tucker that she has compassion, and wondered if he was saying she didn't ? She added her husband has been in the hospital, he is on medication and thankfully they do have insurance, but that could all change tomorrow.

Councilman Cooper asked if Council needs to include in the motion that they want to readdress the situation again 9 months ?

Mr. Janak replied that is fine but the Council has to live by it, and remember the cost of the rate design study could be over \$27,000.00. He added right now, no one knows the cost of producing and selling the water, in 9 months or more they may find it is higher, it could be less. Right now the Council has to live by the sword, die by sword.

Councilman Cooper moved the 2005 Ordinance Amending Water Rates and Charges be passed and that the Council revisit the design rate study in 9 months. Seconded by Councilman Angel.

Mayor Knowles requested a roll call vote.

Roll was called by the Clerk-Treasurer with Council voting as follows:

Askren - yes; Tucker - no; Rueger - yes;

Angel - yes; Cooper - yes.

Mayor Knowles stated the motion carried.

Clerk-Treasurer Wolfe added it will be numbered 05-02.

Mayor Knowles stated the next item is the second reading of the Ordinance to rezone 804 Walnut from RM, residential multi-family, to RS, residential single-family.

Councilman Rueger moved the ordinance pass second reading. Seconded by Councilwoman Askren.

Mayor Knowles requested a roll call vote.

Roll was called by the Clerk-Treasurer with Council voting as follows:

Askren - yes; Tucker - yes; Rueger - yes;

Angel - yes; Cooper - yes.

Mayor Knowles stated the motion carried.

Councilman Rueger moved the rules be suspended and ordinance pass third reading. Seconded by Councilwoman Askren.

Mayor Knowles requested a roll call vote.

Roll was called by the Clerk-Treasurer with Council voting as follows:

Askren - yes; Tucker - yes; Rueger - yes;

Angel - yes; Cooper - yes.

Mayor Knowles stated the motion carried.

Clerk-Treasurer Wolfe added it will be numbered 05-03.

Mayor Knowles stated the next item is the amendment to Section 150, Building Regulations, of the Mount Vernon Code of Ordinances.

Attorney Funkhouser updated those not present at the last meeting by stating this ordinance deals with commercial properties. He added they currently can not "go after" them for code violations, only residential homes, this will allow the Building Commissioner to more freedom.

Councilman Angel moved the ordinance pass second reading. Seconded by Councilwoman Askren.

Mayor Knowles requested a roll call vote.

Roll was called by the Clerk-Treasurer with Council voting as follows:

Askren - yes; Tucker - yes; Rueger - yes;

Angel - yes; Cooper - yes.

Mayor Knowles stated the motion carried.

Councilman Angel moved the rules be suspended and the ordinance pass on third reading. Seconded by Councilman Cooper.

Mayor Knowles requested a roll call vote.

Roll was called by the Clerk-Treasurer with Council voting as follows:

Askren - yes; Tucker - yes; Rueger - yes;

Angel - yes; Cooper - yes.

Mayor Knowles stated the motion carried.

Clerk-Treasurer Wolfe added it will be numbered 05-04.

Mayor Knowles stated from the Audience portion of the Agenda is Patricia Davis.

Ms. Davis stated there is a major traffic/parking problem around the new strip mall on 4th Street, mainly, 3rd and Wood Streets. She went on to say that March 26 her son was hit by a car. He got out of a parked car and was promptly hit by a car that had been struck by another car. She added he did go back to school today, on crutches, and finished the day in a wheelchair. She stated her son is athletic and in shape, works out everyday and is on the

football team, and this nearly killed him, he is lucky to be alive - imagine if that had been a small child or elderly person. She would really like to see a 4-Way Stop at that intersection. She stated there are no stop signs on 3rd Street.

Mayor Knowles stated she has had numerous complaints of speeders on 3rd Street.

Councilman Angel stated they park on both sides of the street down there and it does make it hard to drive down, let alone dangerous, no one wants to give and let the other driver proceed.

Ms. Davis stated she does not want to see someone else get hurt there, and there is definitely going to be more traffic with the new restaurants.

Councilman Angel stated he feels there should not be any YIELD signs anywhere in the city, they should all be STOP.

Ms. Davis stated she wants a 4-Way STOP at that intersection, not a two-way.

Councilman Angel asked if Comm. Gray could check the intersection of 3rd and Wood.

Comm. Gray replied sure, but he is positive that intersection was repainted last summer.

Mayor Knowles added that is a bad intersection, very hard to see.

Ms. Davis stated there is no crosswalk either, who is responsible for those?

Mayor Knowles replied she believes the city puts in the crosswalks.

Ms. Davis stated she is not looking to point fingers she just wants a 4-way stop put in and a crosswalk put in there. She added it seems that no one wants to take responsibility.

Mayor Knowles stated the curbs could be repainted and the sign changed to STOP.

Councilman Angel added the whole ordinance needs to be looked at again and reviewed.

Attorney Funkhouser asked if they are wanting all YIELD signs changed to STOP?

Councilmen Angel and Rueger replied yes.

Mayor Knowles asked if anyone else in the Audience wished to address the Council ?

There was no response.

Mayor Knowles asked if there was any Old Business ?

There was none.

Mayor Knowles asked if there was any New Business ?

There was none.

Mayor Knowles stated they will now hear the reports of the Districts.

1st District Councilwoman Askren stated she has no report.

2nd District Councilman Tucker stated he has no report.

3rd District Councilman Rueger stated he has no report.

4th District Councilman Angel stated he has no report.

Councilman-at-Large Cooper stated he has no report.

Mayor Knowles stated if there were no further business, she entertains a motion to adjourn.

Councilman Cooper moved the meeting be adjourned. Seconded by Councilwoman Askren.

Mayor Knowles stated all those in favor of the motion should signify in the affirmative; and following the vote, she reported the motion carried unanimously and adjourned the meeting.

Rosemary L. Knowles